# State of Alaska FY2003 Governor's Operating Budget

**Department of Revenue Performance Measures** 

# **Contents**

Governor's Key Department-wide Performance Measures for FY2003	3
BRU/Component: Child Support Enforcement	
Key Performance Measures for FY2003	7
BRU/Component: Alcohol Beverage Control Board	9
Key Performance Measures for FY2003	9
BRU/Component: Municipal Bond Bank Authority	10
Key Performance Measures for FY2003	10
BRU/Component: Permanent Fund Corporation	11
Key Performance Measures for FY2003	11
BRU/Component: PFC Custody and Management Fees	13
Key Performance Measures for FY2003	13
BRU/Component: Alaska Housing Finance Corporation Operations	15
Key Performance Measures for FY2003	15
BRU/Component: Alaska Mental Health Trust Authority	17
Key Performance Measures for FY2003	17
Revenue Operations Budget Request Unit	19
Key Performance Measures for FY2003	19
BRU/Component: ASPIB Bank Custody and Management Fees	23
Key Performance Measures for FY2003	23
Administration and Support Budget Request Unit	24
Key Performance Measures for FY2003	24
BRU/Component: Permanent Fund Dividend	26
Key Performance Measures for FY2003	26

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# **Governor's Key Department-wide Performance Measures for FY2003**

#### Measure:

Child Support Enforcement Division: Total collections.

# Alaska's Target & Progress:

• The division has made consistent progress in increasing its total collections.

Fiscal 2001: \$90,902,600

Fiscal 2000: \$85,430,700

Fiscal 1999: \$80,940,400

#### Measure:

Permanent Fund Dividend Division: Number of applicants who select direct deposit, as a percentage of total applications.

## Alaska's Target & Progress:

• The division continues to promote the use of direct deposit, with applicants selecting the option in greater numbers every year.

October 2001 dividend: 75%

October 2000 dividend: 73%

October 1999 dividend: 69%

#### Measure:

Tax Division: Number of tax returns filed electronically.

## Alaska's Target & Progress:

- The division started with the Motor Fuel Tax and Oil and Gas Production Tax programs in Fiscal 2001, and will continue expanding its electronic filing option to include additional tax programs.
- Fiscal 2001: 98.92% of all Oil and Gas Production Tax returns were filed electronically, and 10.19% of Motor Fuel Tax returns were delivered to the department electronically.

# Measure:

Commissioner's Office: The average time taken to respond to complaints and questions that have been elevated to the commissioner's office.

Sec 136 (b) (2) Ch 90 SLA 2001(HB 250)

## **Alaska's Target & Progress:**

- The average time for a written response to dividend complaints and questions addressed to the commissioner's office was 7.7 calendar days in Fiscal 2001. This follows closely the Fiscal 2000 response time of 6.6 days.
- The average time for a written response to child support complaints and questions addressed to the commissioner's office was 11.5 calendar days in Fiscal 2001. This is consistent with the 11.23 days it took for a response in Fiscal 2000.

## Measure:

Commissioner's Office: The average time taken to issue decisions in child support and Permanent Fund dividend appeals.

Sec 136 (b) (3) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

- The average time to issue a child support formal appeal decision is 20 days after the hearing.
- The average time to issue a dividend formal appeal decision is 30 days after the hearing.

## Measure:

Administrative Services: The cost of administrative services as compared to total personnel costs for the department. Sec 137 (b) (3) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

- Fiscal 2002 Administrative Services budget is \$1,072.4 vs. the department's personal services budget of \$49,063.9
- Fiscal 2002 Administrative Services total budget is 2.20% of total agency personal services.
- Fiscal 2001 Administrative Services total budget was 2.28% of total agency personal services.

#### Measure:

Tax Division: The percentage of taxes collected as compared to the percentage of taxes due. Sec 135 (b) (2) Ch 90 SLA 2001(HB 250)

## Alaska's Target & Progress:

Division collections: \$1,344.4
Division assessments: \$1,355.6
Percentage of taxes collected: 99.2%

## Measure:

Child Support Enforcement Division: The number of cases where adjustment is overdue by 30 days or more. Sec 128 (b) (4) Ch 90 SLA 2001(HB 250)

## Alaska's Target & Progress:

• At June 30, 2001, the number of cases where adjustments were overdue by 30 days or more was 267.

## **Benchmark Comparisons:**

 This is a dramatic reduction from last year at the same time when the number of cases where adjustments were overdue by 30 days or more was 3,150. The backlog was more than 6,000 cases in late fall 1999.

## **Background and Strategies:**

Continue to reduce backlog numbers in the accounting section.

# Measure:

Child Support Enforcement Division: The percentage of cases in which there are child support orders. Sec 128 (b) (5) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

At September 30, 2001, the number of cases with orders established was 78% of the division's total caseload.

## **Benchmark Comparisons:**

The national rate was 61%, per the 2001 Federal Office of Child Support Enforcement Preliminary Data Report.

# **Background and Strategies:**

• The division will work to further increase its percentage of cases with child support orders by working toward improving its production standards in the case establishment section.

#### Measure:

Permanent Fund Dividend Division: The percentage of dividend payments sent out on time to eligible applicants. Sec 138 (b) (1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

• In 2001, 95% of applicants (563,491) were paid in the October dividend distribution period vs. 93% (544,940) of eligible applicants in 2000.

## **Background and Strategies:**

 As we gain efficiencies in reviewing cases, we will be able to increase the number of dividends sent out in October

#### Measure:

Alaska Permanent Fund Corporation: The corporation's investment expenses compared to the investment expenses of other large institutional funds.

Sec 131 (b) (1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

- The Permanent Fund has four asset classes that can be evaluated: 1) domestic equities management fees; 2) non-domestic equities management fees; 3) domestic fixed-income management fees; and 4) non-domestic fixed-income management fees.
- As of June 30, 2001 the asset classes compared as follows: 1) domestic equities fees were lower than 63% of the funds surveyed; 2) non-domestic equities fees were lower than 67% of funds surveyed; 3) domestic fixedincome fees were lower than 90% of funds surveyed; and 4) non-domestic fixed-income management fees were lower than 59% of funds surveyed.

# **Benchmark Comparisons:**

Callan Associates Inc. 1999 Fund Sponsor Cost of Doing Business Survey.

#### Measure:

Alaska Housing Finance Corporation: The administrative costs per dollar of investment. Sec 132 (b) (1) Ch 90 SLA 2001(HB 250)

## Alaska's Target & Progress:

- FY01: 4.77% (Operating Expenses/Mortgage Purchases)
- FY00: 5.82% (Operating Expenses/Mortgage Purchases)
- FY99: 5.21% (Operating Expenses/Mortgage Purchases)
- FY98: 7.65% (Operating Expenses/Mortgage Purchases)

## **Benchmark Comparisons:**

 AHFC is using the prior year's total "actual" operating expenses divided by the mortgages purchased for the fiscal year as its benchmark. The total "actual" expenses include corporate, federal and CIP receipts used in all AHFC

Released December 15th	
12/19/2001 11:06	

programs.

## Measure:

Alaska Housing Finance Corporation: The percentage of AHFC-owned housing compared to privately owned housing in the marketplace.

Sec 132 (b) (3) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

• Fiscal 2001 Market Share: 48.6%

• Fiscal 2000 Market Share: 43.0%

Fiscal 1999 Market Share: 33.0%

• Fiscal 1998 Market Share: 30.0%

# **Benchmark Comparisons:**

• AHFC is using the prior year's "market share" for the fiscal year as its benchmark. The "market share" is calculated by dividing AHFC's loan purchases by Alaska's total mortgage loans made within the fiscal year.

# **BRU/Component: Child Support Enforcement**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

# **Contact: Barbara Miklos, Director**

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# **Key Performance Measures for FY2003**

#### Measure:

The total operating budget of the division as compared to the total amount of collections. Sec 128 (b) (1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

• FY01 cost effectiveness was \$5.04 collected for every \$1 spent in operating funds.

# **Benchmark Comparisons:**

 Although collections increased dramatically in FY01, the cost-effectiveness ratio went down because of increased costs associated with reducing agency backlogs.

# **Background and Strategies:**

- Automate processes to locate noncustodial parents.
- Increase information on the computer so automated enforcement actions will be taken.
- Utilize automated financial data matches.

## Measure:

The percentage of current child support collected. Sec 128 (b) (2) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

As of September 30, 2001, the percentage of current child support collected is 51.2%.

# **Benchmark Comparisons:**

Per the FFY00 Federal Office of Child Support Enforcement Preliminary Data Report, the national rate for this
measure was 56%.

## **Background and Strategies:**

- Increase contact with paying parents to assure orders are set at accurate amounts.
- Increase outreach to parents for order modifications and vacating default orders.
- Increase the number of interstate cases with direct withholding.
- Increase the number of employers reporting new hires to CSED.

## Measure:

The number of child support administrative orders and order modifications that are appealed compared to the total number of new administrative orders and modifications issued during the year.

Sec 128 (b) (3) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

The number of administrative orders and order modifications appealed in FY01 was 13%.

#### **Benchmark Comparisons:**

Data is not normally reported, making comparisons with other states and entities difficult.

## **Background and Strategies:**

Maintain the quality assurance programs in establishment and modifications.

Released December 15th	
12/19/2001 11:06	

## Measure:

The number of cases where adjustment is overdue by 30 days or more.

Sec 128 (b) (4) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

At June 30, 2001, the number of cases where adjustments were overdue by 30 days or more was 267.

## **Benchmark Comparisons:**

 This is a dramatic reduction from last year at the same time when the number of cases where adjustments were overdue by 30 days or more was 3,150. The backlog was more than 6,000 cases in late fall 1999.

# **Background and Strategies:**

• Continue to reduce backlog numbers in the accounting section.

#### Measure:

The percentage of cases in which there are child support orders.

Sec 128 (b) (5) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

At September 30, 2001, the number of cases with orders established was 78.0% of total caseload.

# **Benchmark Comparisons:**

 Per the FFY 00 (period ending September 30, 2001) Federal Office of Child Support Enforcement Preliminary Data Report, the national rate for the measure was 61%.

## **Background and Strategies:**

- Increase the number of cases without orders that are closed appropriately.
- Maintain production standards in the establishment section.

## Measure:

The number of cases with arrearages that have collections as compared to the total number of cases with arrearages. Sec 128 (b) (6) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

 At September 30, 2001, the number of cases with arrears that have collections as compared to the total number of cases with arrearages was 68.5%.

# **Benchmark Comparisons:**

• FFY00 data is not yet available. Per the FFY 99 (period ending September 30, 2001) Federal Office of Child Support Enforcement Preliminary Data Report, the national rate for the measure was 54.4%.

## **Background and Strategies:**

- Continue arrearage collection efforts through third-party contractors.
- Maintain community outreach program.

# **BRU/Component: Alcohol Beverage Control Board**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

# **Contact: Doug Griffin, Executive Director**

Tel: (907) 269-0350 Fax: (907) 272-9412 E-mail: Doug\_Griffin@revenue.state.ak.us

# **Key Performance Measures for FY2003**

## Measure:

The cost of providing compliance services compared to the number of licenses per year. Sec 129 (b) (1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

 FY2000 - Cost of compliance services was \$290,500 for 1,825 liquor licenses (compliance costs of \$159 per license).

## Measure:

The cost of certifying or providing training services compared to the number of servers trained per year. Sec 129 (b) (2) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

FY 2000-Cost of certifying or providing training services was \$700 for 6,569 servers trained (\$0.11 cents per server trained).

## Measure:

The percentage of noncompliant licenses compared to the number of licenses held per year. Sec 129 (b) (3) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

• FY2000-5.5% noncompliant licenses of 1,825 licenses.

# **BRU/Component: Municipal Bond Bank Authority**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

# **Contact: Betty Martin, Comptroller**

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# **Key Performance Measures for FY2003**

## Measure:

The number of capital projects financed or refinanced with bonds as compared to the total number of projects for which applications were made.

Sec 130 (b) (1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

• The Bond Bank received 14 applications in Fiscal Year 2001, 11 of which resulted in 15 projects being financed in 9 communities. The remaining three applications from FY 2001 were funded in the first six months of FY 2001. Year to date in FY 2002 the Bond Bank has issued \$23,140,000 in four series of bonds to fund seven projects.

# **Benchmark Comparisons:**

Perform year-to-year trend analysis.

#### Measure:

The par amount of bonds issued during the year and estimated savings to Alaska communities through Bond Bank sales.

Sec 130 (b) (2) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

• In FY 2001 the Bond Bank issued bonds in a par amount of \$50,772,87. Communities are estimated to have saved \$3,856,000 through the Bond Bank participating in these financings.

#### Measure:

The cost of operations compared to the value of the bonds issued. Sec 130 (b) (3) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

• During FY2001, the Bond Bank issued \$50.7 million in bonds. Their total expenditures for the same period were \$.5 million. Cost of operations represented 1% of the total bonds issued.

# **BRU/Component: Permanent Fund Corporation**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

# **Contact: Robert D. Storer, Executive Director**

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# **Key Performance Measures for FY2003**

#### Measure:

The corporation's investment expenses compared to the investment expenses of other large institutional funds. Sec 131 (b) (1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

- The Permanent Fund has four asset classes that can be evaluated: 1) domestic equities management fees; 2)
  non-domestic equities management fees; 3) domestic fixed-income management fees; and 4) non-domestic fixed-income management fees.
- As of June 30, 2001 the asset classes compared as follows: 1) domestic equities fees were lower than 63% of the funds surveyed; 2) non-domestic equities fees were lower than 67% of funds surveyed; domestic fixed-income fees were lower than 90% of funds surveyed; and 4) non-domestic fixed-income management fees were lower than 59% of funds surveyed.

## **Benchmark Comparisons:**

Callan Associates Inc. 1999 Fund Sponsor Cost of Doing Business Survey.

# **Background and Strategies:**

 All Alaska Permanent Fund Corporation equities, non-domestic fixed-income securities and a portion of domestic fixed-income securities are managed by external professionals (both active and passive styles). The remainder of domestic fixed-income securites are managed internally. Real estate assets are also managed externally, but investment expenses are netted against income.

## Measure:

The total return by asset type compared to other institutional funds. Sec 131 (b) (2) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

- The Alaska Permanent Fund has five asset classes that can be evaluated for one-year and five-year periods as of June 30, 2001. Total return by asset type compared to other institutional funds. The Permanent Fund Corporation's return will be listed first, then the median return for other institutional funds.
- 1) Domestic equities: One year, -13.1% / -5.3%; Five years, 13.1% / 14.9%
- 2) Non-domestic equities: One year, -22.9% / -23.4%; Five years, 6.0% / 6.0%
- 3) Domestic fixed-income: One year, 11.4% / 11.0%; Five years, 7.1% / 7.4%
- 4) Non-domestic fixed-income: One year, 0.8% / -6.5%; Five years, no data available
- 5) Real estate: One year, 14.3% / 10.2%, Five years, 11.9% / 10.3%

# **Benchmark Comparisons:**

Asset allocation adjusted rankings from the Callan Associates, Inc. Investment Measurement Service.

## **Background and Strategies:**

Comparing returns among similar large investment funds is a standard process.

#### Measure:

The inflation-adjusted rate of return over time. Sec 131 (b) (3) Ch 90 SLA 2001(HB 250)

## Alaska's Target & Progress:

Released December 15th	FY2003 Governor
12/19/2001 11:06	Department of Revenue

- The board has quantified this goal to achieve a real rate of return of 4% over time.
- The Fund's total return for fiscal year 2001 was -3.3% with an inflation rate of 3.4%. The real (inflation-adjusted) rate of return was -6.7%. The annualized total return for the past five years is 9.5% with a 5-year annualized CPI rate of 2.5%. The real (inflation-adjusted) rate of return is 7.0% average for the past 5 years.

# **Benchmark Comparisons:**

• Total Fund return less national CPI.

# **BRU/Component: PFC Custody and Management Fees**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

# **Contact: Robert D. Storer, Executive Director**

Tel: (907) 465-3185 Fax: (907) 586-2057 E-mail: rstorer@alaskapermfund.com

# **Key Performance Measures for FY2003**

#### Measure:

The corporation's investment expenses compared to the investment expenses of other large institutional funds. Sec 131 (b) (1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

- The Permanent Fund has four asset classes that can be evaluated: 1) domestic equities management fees; 2)
  non-domestic equities management fees; 3) domestic fixed-income management fees; and 4) non-domestic fixed-income management fees.
- As of June 30, 2001 the asset classes compared as follows: 1) domestic equities fees were lower than 63% of the funds surveyed; 2) non-domestic equities fees were lower than 67% of funds surveyed; domestic fixed-income fees were lower than 90% of funds surveyed; and 4) non-domestic fixed-income management fees were lower than 59% of the funds surveyed.

## **Benchmark Comparisons:**

Callan Associates Inc. 1999 Fund Sponsor Cost of Doing Business Survey.

# **Background and Strategies:**

 All Alaska Permanent Fund Corporation equities, non-domestic fixed-income securities and a portion of domestic fixed-income securities are managed by external professionals (both active and passive styles). The remainder of domestic fixed-income securities are managed internally. Real estate assets are also managed externally, but investment epenses are netted against income.

## Measure:

The total return by asset type compared to other institutional funds. Sec 131 (b) (2) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

- The Alaska Permanent Fund has five asset classes that can evaluated for 1-year and 5-year periods as of June 30, 2001. The Permanent Fund Corporation's return will be listed first then the median return for other institutional funds.
- 1) Domestic equities: One year, -13.1% / -5.3%; Five years, 13.1% / 14.9%
- 2) Non-domestic equities: One year, -22.9% / -23.4%: Five years, 6.0% / 6.0%
- 3) Domestic fixed-income: One year, 11.4% / 11.0%; Five years, 7.1% / 7.4%
- 4) Non-domestic fixed-income: One year, 0.8% / -6.5%; Five years, 7.1% / 7.4%
- 5) Real estate: One year, 14.3% / 10.2%, Five years, 11.9% / 10.3%

# **Benchmark Comparisons:**

Asset allocation adjusted rankings from the Callan Associates, Inc. Investment Measurement Service.

## **Background and Strategies:**

Comparing returns among similar large investment funds is a standard process.

#### Measure:

The inflation-adjusted rate of return over time. Sec 131 (b) (3) Ch 90 SLA 2001(HB 250)

## Alaska's Target & Progress:

Released December 15th	FY2003 Governor		
12/19/2001 11:06	Department of Revenue		

- The board has quantified this goal to achieve a real rate of 4% over time.
- The Fund's total return for fiscal year 2001 was -3.3% with an inflation rate of 3.4%. The real (inflation adjusted) rate of return was -6.7%. The annualized total return for the past five year is 9.5% with a 5-year annualized CPI rate of 2.5%. The real (inflation adjusted) rate of return is 7.0% average for the past 5 years.

# **Benchmark Comparisons:**

• Total Fund return less national CPI.

# **BRU/Component: Alaska Housing Finance Corporation Operations**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

# **Contact: Les Campbell, Budget Director**

Tel: (907) 330-8335 Fax: (907) 330-8361 E-mail: lcampbel@ahfc.state.ak.us

# **Key Performance Measures for FY2003**

#### Measure:

The administrative costs per dollar of investment. Sec 132(b)(1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

FY01: 4.77% (Operating Expenses/Mortgage Purchases) FY00: 5.82% (Operating Expenses/Mortgage Purchases) FY99: 5.21% (Operating Expenses/Mortgage Purchases) FY98: 7.65% (Operating Expenses/Mortgage Purchases)

# **Benchmark Comparisons:**

AHFC is using the prior year's total "actual" operating expenses divided by the mortgages purchased for the fiscal year as its benchmark. The total "actual" expenses include corporate, federal and CIP receipts used in all AHFC programs.

#### Measure:

The net income of the corporation. Sec 132(b)(2) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

FY2001 Net Income: \$96,353,000 FY2000 Net Income: \$81,802,000 FY1999 Net Income: \$79,850,000 FY1998 Net Income: \$95,916,000

# **Benchmark Comparisons:**

AHFC is using the prior year's "net income" for the fiscal year as its benchmark. The total "net income" includes corporate, federal and CIP income generated by all AHFC programs.

#### Measure:

The percentage of AHFC-owned housing compared to privately owned housing in the marketplace. Sec 132(b)(3) Ch 90 SLA 2001(HB 250)

## Alaska's Target & Progress:

FY01 Market Share: 48.6% FY00 Market Share: 43.0% FY99 Market Share: 33.0% FY98 Market Share: 30.0%

## **Benchmark Comparisons:**

AHFC is using the prior year's "market share" for the fiscal year as its benchmark. The "market share" is calculated by dividing AHFC's loan purchases by Alaska's total mortgage loans made within the fiscal year.

Released December 15th	FY2003 Governor	
12/19/2001 11:06	Department of Revenue	Page 15

## Measure:

The public housing management assessment score.

Sec 132(b)(4) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

FY2001 PHAS Score: Waiting Federal Action.
FY2000 PHAS Score: 100% (fifth year in a row).
FY1999 PHMAP Score: 100% (fourth year in a row).
FY1997 PHMAP Score: 100% (second year in a row).

FY1996 PHMAP Score: 100%

# **Benchmark Comparisons:**

AHFC is using HUD's Public Housing Assessment System (PHAS) rating (with four indicators) as its benchmark. FY2000 is the first year of this new system. The PHAS rating system uses third party assessors with little input by the Public Housing Authorities, while the PHMAP system was calculated by the Public Housing Authorities and verified by the local HUD office.

# PHAS indicators and point values are:

Physical Condition
 Financial Condition
 Management Operations
 Resident Satisfaction
 30.0 Points Possible
 30.0 Points Possible
 10.0 Points Possible

Prior to PHAS, the system was the Public Housing Management Assessment Program (PHMAP) (with eight indicators).

# **BRU/Component: Alaska Mental Health Trust Authority**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

# **Contact: Jeff Jessee, Executive Director**

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# **Key Performance Measures for FY2003**

#### Measure:

The amount of revenue from land and cash. Sec 139 (b) (1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003
Land Revenue	1,048.0	1,412.3	2,884.0	3,397.6	3,438.9	7,651.0	4,900.0	5,900.0
Cash Revenue	24,216.8	37,656.1	41,869.5	24,606.2	27,645.1	(10,491.3)	10,226.0	23,815.0

• In FY2003, the trust projects \$15,595.6 available for funding the mental health programs: \$11,190.0 in trust investment income (APFC), \$2,200.0 in trust land income, \$600.0 interest on the Department of Revenue income accounts, \$558.2 unobligated MHTAAR from FY2002, and \$1,047.4 from lapsed MHTAAR from FY2001.

#### Measure:

The percentage of trust income disbursed for mental health programs. Sec 139 (b) (2) Ch 90 SLA 2001(HB 250)

## Alaska's Target & Progress:

- In FY02, the trust cash investment at the Alaska Permanent Fund Corporation had an overall market loss of 3.3% which decreased the disbursement of trust income by 6.5% over the prior fiscal year for mental health programs.
- In FY02, the Trust disbursed \$16,627.1 of trust income: 60% for mental health operating, 18% mental health capital, 11% trust land operating and capital, 6% for trust authority administration and 5% for small grants and contracts.
- In FY01, the trust disbursed \$17,775.3 of trust income: 59% for mental health operating, 24% mental health capital, 10% trust land operating and capital, 5% for trust authority administration and 2% for small grants and contracts.
- In FY2001, the trust increased the disbursement of trust income by 53% over the prior fiscal year for mental health programs.

#### Measure:

The number of partners and the amount of money from mental health trust programs received from funding partners. Sec 139 (b) (3) Ch 90 SLA 2001(HB 250)

## Alaska's Target & Progress:

- In FY02, the trust partnered with 14 different funders, federal agencies and private foundations committed \$14 million and the trust will use \$497,000 in trust income.
- In FY00, the trust partnered with 7 different funders, federal SAMHSA, Federal Transit Authority, AHFC, Fairbanks Borough and City, Petersburg, and Alaska Tribal Health Consortium.

MHTAAR Partnering funds
Operating Projects: \$469.0 MHTAAR \$1.141.2 PARTNERING

Operating Projects: \$469.0 MHTAAR \$1,141.2 PARTNERING

Released December 15th	FY2003 Governor	
12/19/2001 11:06	Department of Revenue	Page 17

# Component — Alaska Mental Health Trust Authority

Capital Projects: \$2,500.0 MHTAAR \$7,550.0 PARTNERING TOTAL: \$2,969.0 MHTAAR \$8,691.2 PARTNERING

\$2.93 match for each \$1.00 MHTAAR

# **Revenue Operations Budget Request Unit**

# **Contact: Neil Slotnick, Deputy Commissioner**

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# **Key Performance Measures for FY2003**

## Measure:

ASPIB: Investment returns expressed in terms of most recent five-year and one-year averages measured against performance benchmarks.

Sec 134 (b) (1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

Fund // FY2000 five-year actual return // FY2000 five-year benchmark return

The following returns are for the five-year period ending June 30, 2000:

- Public Employees Retirement Trust Fund // 13.43% // 13.23%
- Teachers Retirement Trust Fund // 13.61% // 13.23%
- Military Retirement Trust Fund // 10.30% // 11.17%

The following returns are for the three-year period ended June 30, 2000:

Judicial Retirement Trust Fund // 10.51% // 11.32%

## **Benchmark Comparisons:**

The benchmark return for each fund depends upon its asset allocation -- the mix of different asset classes that Treasury has invested it in. Each fund's individual benchmark return (as reported above) is calculated by weighting the percent of any asset class it holds by the appropriate asset class benchmark below:

- Domestic Equity Russell 2000 Stock Index or the S&P 500 Stock Index
- International Equity Morgan Stanley Capital International Europe, Australia and Far East Stock Index (EAFE)
- Domestic Fixed Income Lehman Brothers Aggregate Bond Index
- International Fixed Income Non-US Government Bond Index

## Measure:

ASPIB: Administrative costs per dollar of investment.

Sec 134 (b) (2) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

- The Treasury Division participated in a national Defined Benefit Pension Fund Survey regarding calendar year 2000 costs (performed by Cost Effectiveness Measurement Inc.). The universe included 250 plans from Canada and the United States, representing both public and private funds. Total United States assets represented in the survey were \$1,868 billion.
- Relevant findings of this survey include: ASPIB's 2000 total operating costs were 32 basis points compared to the
  US average cost of 35 basis points. The benchmark cost (which can be thought of, generally, as the average cost
  for a fund of ASPIB's size and asset mix) was 28 basis points.

## **Benchmark Comparisons:**

These results above compare to benchmarks established by Cost Effectiveness Measurement Inc. ASPIB will
continue to participate in this annual survey while looking for others to participate in as well. Year-to-year trends
will also be evaluated as we would expect our per dollar of investment cost to decrease as the asset size grows.

## **Background and Strategies:**

The results of this survey need to be interpreted cautiously. Comparing our costs to the overall average may be
misleading because costs per dollar of investment is first and foremost a function of the size of the assets and

Released December 15th

FY2003 Governor

this survey had approximately one-third of the participants with plan sizes under \$2 billion and the remaining twothirds of theparticipants with plan sizes over \$2 billion.

With a benchmark cost of 28 basis points compared to an actual cost of 32 basis points, we would be considered
a low-cost provider (as opposed to a high or normal cost provider). While this calculation compares like-sized
funds, it does not account for differences that are caused by asset allocation and passive versus active
management decisions.

#### Measure:

Treasury Division: Investment returns against performance benchmarks. Sec 133 (b) (1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

Annual returns for the most recent fiscal year are provided below.

Fund // FY 2001 five-year actual return // FY2001 five-year benchmark return

- General Fund and Other Non-Segregated Investments (GeFONSI)// 6.34% // 6.25%
- CBRF (main account) // 7.35% // 6.50%
- Alaska Children's Trust // 11.26% // 10.54%
- Public School Trust Fund // 11.85% // 10.54%
- International Airports Revenue Fund // 6.45% // 6.09%

Fund // FY 2001 one-year actual return // FY2001 one-year benchmark return

- International Airports Construction Funds // 9.20% // 8.81%
- CBRF (subaccount) // (6.01%) // (5.57%)
- RHIF/Long-term Care Fund // (5.60%) // (7.25%)

Fund // FY 2001 three-year actual return // FY2001 three-year benchmark return

RHIF/Major Medical Fund // 6.11% // 5.80%

# **Benchmark Comparisons:**

The benchmark return for each fund depends upon its asset allocation -- the mix of different asset classes that Treasury has invested it in. Each fund's individual benchmark return (as reported above) is calculated by weighting the percent of any asset class they hold by the appropriate asset class benchmark below.

- For the Short-Term Fixed-Income Investment Pool three-month US Treasury Bill
- For the Intermediate-Term Fixed-Income Investment Pool Merrill Lynch 1- to 5-year Government Index
- For the Long-Term Fixed-Income Pool Lehman Brothers Aggregate Index
- For the Domestic Equity Common Trust Russell 3000 Index
- For the International Equity Common Trust Morgan Stanley Capital International Europe, Australia and Far East Index (EAFE)

## Measure:

Treasury Division: Administrative costs per dollar of investment.

Sec 133 (b) (2) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

- The Treasury Division participated in a national Defined Benefit Pension Fund Survey regarding calendar year 2000 costs (performed by Cost Effectiveness Measurement Inc.). The universe included 250 plans from Canada and the United States, representing both public and private funds. Total United States assets represented in the survey were \$1,868 billion.
- Relevant findings of this survey include: ASPIB's 2000 total operating costs were 32 basis points compared to the US average cost of 35 basis points. The benchmark cost (which can be thought of, generally, as the average cost for a fund of ASPIB's size and asset mix) was 28 basis points.

# **Benchmark Comparisons:**

These results above compare to benchmarks established by Cost Effectiveness Measurement Inc. ASPIB will
continue to participate in this annual survey while looking for others to participate in as well. Year-to-year trends
will also be evaluated as we would expect our per dollar of investment cost to decrease as the asset size grows.

# **Background and Strategies:**

- The results of this survey need to be interpreted cautiously. Comparing our costs to the overall average may be
  misleading because costs per dollar of investment is first and foremost a function of the size of the assets and
  this survey had approximately one-third of the participants with plan sizes under \$2 billion and the remaining twothirds of the participants with plan sizes over \$2 billion.
- With a benchmark cost of 28 basis points compared to an actual cost of 32 basis points, we would be considered
  a low cost provider (as opposed to a high or normal cost provider). While this calculation compares like-sized
  funds, it does not account for differences that are caused by asset allocation and passive versus active
  management decisions.

#### Measure:

Tax Division: The division budget as compared to the total amount collected by the division. Sec 135 (b) (1) Ch 90 SLA 2001(HB 250)

## **Benchmark Comparisons:**

All dollar figures in millions

Division budget: \$6.7 million
 Division collections: \$1,344.4 million
 Cost of collections vs. total collections 0.5%

This compares very well with a "benchmark rule of thumb" of tax collection costing 1% of collected revenues.

## Measure:

Tax Division: The percentage of taxes collected as compared to the percentage of taxes due. Sec 135 (b) (2) Ch 90 SLA 2001(HB 250)

# **Benchmark Comparisons:**

All dollar figures in millions

Division collections: \$1,344.4
Division assessments: \$1,355.6
Comparison: 99.2%

# Measure:

Tax Division: The time expended compared to the time budgeted and the average time taken to complete audits. Sec 135 (b) (3) Ch 90 SLA 2001(HB 250)

# **Benchmark Comparisons:**

Actual audit hours 17,432

Estimated/budgeted audit hoursComparison:19,33590.2%

#### Measure:

Tax Division: The amount of assessments disallowed on appeal as compared to the amount of assessments claimed. Sec 135 (b) (4) Ch 90 SLA 2001(HB 250)

## **Benchmark Comparisons:**

Released December 15th	FY2003 Governor	
12/19/2001 11:06	Department of Revenue	Page 21

# Budget Request Unit — Revenue Operations

# All dollar figures in millions

Appealed tax and penalty assessments claimed \$27.20
Disallowed tax and penalties: (\$2.50)

Note: This is negative because the State Assessment Review Board INCREASED the amount of tax in their ruling on an appealed case.

# **BRU/Component: ASPIB Bank Custody and Management Fees**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

# **Contact: Betty Martin, Comptroller**

Tel: (907) 465-2352 Fax: (907) 465-2394 E-mail: Betty\_Martin@revenue.state.ak.us

# **Key Performance Measures for FY2003**

## Measure:

See Alaska State Pension Investment Board (Component 1961) under Revenue Operations (BRU 49). Sec Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

See Alaska State Pension Investment Board (Component 1961) under Revenue Operations (BRU 49).

## **Benchmark Comparisons:**

See Alaska State Pension Investment Board (Component 1961) under Revenue Operations (BRU 49).

# Administration and Support Budget Request Unit

Contact: Larry Persily, Deputy Commissioner, Dept. of Revenue Tel: (907) 465-5469 Fax: (907) 465-2389 E-mail: Larry\_Persily@revenue.state.ak.us

# **Key Performance Measures for FY2003**

#### Measure:

Commissioner's Office: The percentage of divisions that meet assigned performance measures. Sec 136 (b) (1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

All of the divisions are meeting most, if not all, of their assigned performance measures. The commissioner's
office will continue tracking the measures and will work with those divisions in any areas where they come up
short during the year.

#### Measure

Commissioner's Office: The average time taken to respond to complaints and questions that have been elevated to the commissioner's office.

Sec 136 (b) (2) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

- The average time for a written response to dividend complaints and questions addressed to the commissioner's office was 7.7 calendar days in Fiscal 2001. This follows the Fiscal 2000 response time of 6.6 days.
- The average time for a written response to child support complaints and questions addressed to the commissioner's office was 11.5 calendar days in Fiscal 2001. This is consistent with the 11.23 days it took for a response in Fiscal 2000.

## Measure:

Commissioner's Office: The average time taken to issue decisions in child support and permanent fund dividend appeals.

Sec 136 (b) (3) Ch 90 SLA 2001(HB 250)

## Alaska's Target & Progress:

- The average time to issue a child support formal appeal decision is 20 days after the hearing.
- The average time to issue a dividend formal appeal decision is 30 days after the hearing.

# Measure:

Commissioner's Office: The number of decisions sustained as compared to all decisions appealed to the commissioner's office.

Sec 136 (b) (4) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

• The hearing officer section overturns or amends about 8 percent of the dividend and child support decisions appealed to formal hearing.

#### Measure:

Administrative Services: The percentage of employee grievances that are overturned by a hearing officer from the Department of Administration or by an arbitrator.

Sec 137 (b) (1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

A log is being maintained to track the number of grievances overturned by an arbitrator. Thus far in FY 2002, two
grievances have been filed. Neither has been overturned.

#### Measure:

Administrative Services: The percentage of employee complaints and grievances filed at the department level that are resolved at that level.

Sec 137 (b) (2) Ch 90 SLA 2001(HB 250)

## Alaska's Target & Progress:

 A log is being kept on grievance filings and their outcome. Thus far in FY 2002, two have been filed and neither has been resolved.

#### Measure:

Administrative Services: The cost of administrative services as compared to total personnel costs for the department. Sec 137 (b) (3) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

- Total FY2002 Admin. Services Budget \$1,072.4
- Total FY2002 Dept. Personal Service \$49,063.9
- For FY 2002, the Administrative Services total budget is 2.20% of total agency personal services.
- For FY 2001, the Administrative Services total budget was 2.28% of total agency personal services.

## Measure:

Administrative Services: The number and amount of late penalties assessed for payroll or vendor payment. Sec 137 (b) (4) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

- A copy of penalty pay documents will be kept on file with notation if penalty pay was issued. No late penalties for payroll have been assessed in FY 2002.
- An AKSAS report will be maintained for late penalties for vendor payments. No penalties have been assessed for late vendor payments in FY 2002.

## Measure:

Administrative Services: The number of audit exceptions resolved for the department. Sec 137 (b) (5) Ch 90 SLA 2001(HB 250)

## Alaska's Target & Progress:

- A log is being maintained to track the number of audit exceptions or findings resolved for the department.
- For FY 2001, the department had 7 exceptions/findings and all 7 were resolved. Thus far in FY 2002 the due date for responding to any findings has not been reached.

# **BRU/Component: Permanent Fund Dividend**

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

Contact: Nanci A. Jones, Director

Tel: (907) 465-2323 Fax: (907) 465-2096 E-mail: Nanci\_Jones@revenue.state.ak.us

# **Key Performance Measures for FY2003**

## Measure:

The percentage of dividend payments sent out on time to eligible applicants. Sec 138 (b) (1) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

• In 2001, 95% of applicants (563,491) were paid in the October dividend distribution period vs. 93% (544,940) all eligible in 2000. As we gain efficiences in processing applications, we expect to increase the percentage to 97% in 2002.

# **Background and Strategies:**

 As we gain efficiencies in processing cases held in review, we will be able to increase the number of dividends sent out in the initial distribution.

#### Measure:

The average time taken to process dividend applications. Sec 138 (b) (2) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

• The normal processing year begins with the application period in January until we get every application on the mainframe system. The ideal time is five months, to ensure adequate time for review before the distribution period in October. In 2000 we had all applications on the system by mid-April. In 2001 we took slightly longer and had all applications on the system by mid-May.

# **Background and Strategies:**

The delay in processing for 2001 was due in part to the decrease in the number of temporary employees who
stayed through the entire processing season. With the increased use of technology, we hope to replace the need
for temporary workers by offering electronic filing.

#### Measure:

The average time taken to resolve informal appeals. Sec 138 (b) (3) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

• The statutory time limit to complete an appeal from the time it is filed with the division is one year. The division is striving to further reduce the aging of appeal inventory to a period not to exceed six months. In FY 02, our case inventory did exceed six months old 58% of the time, vs. 25% of the time in FY 01.

# **Background and Strategies:**

Vancancies and an increase in the number of appeals received resulted in an increase in the number of appeals
older than six months in inventory. We have hired temporary help to eleviate the backlog in inventories.

## Measure:

The average number of applications in review at the time of the dividend calculation. Sec 138 (b) (4) Ch 90 SLA 2001(HB 250)

## Alaska's Target & Progress:

 The division continues to experience a large volume of applications that require a higher level of examination to determine an applicant's eligibility. In 2001 there were 12,727 applications in review at payment time vs. 8,116 in 2000.

## **Background and Strategies:**

Released December 15th	FY2003 Governor	
12/19/2001 11:06	Department of Revenue	Page 26

• The division will continue to analyze the criteria that determines whether or not an application needs the higher level evaluation process. In addition, personnel from other units within the division are being cross-trained in order to help with this level of review.

## Measure:

The number of application denials upheld on appeal. Sec 138 (b) (5) Ch 90 SLA 2001(HB 250)

## Alaska's Target & Progress:

In 2001, 1,480 denials were upheld out of 2,064 cases closed. This amounts to an uphold rate of 71.7%.

## **Background and Strategies:**

Denials are overturned for several reasons. The highest number of denials that are overturned are the result of an
error made either on the part of the applicant or within the division when the application was processed. Because
of the need to correct any errors, the uphold rate will never be 100%.

## Measure:

The cost to administer the program compared to the number of applications processed. Sec 138 (b) (6) Ch 90 SLA 2001(HB 250)

# Alaska's Target & Progress:

• In 2001 the cost per application processed was \$8.04 vs. \$8.08 in 2000.

# **Background and Strategies:**

• The cost to administer the program for 2001 was \$4,974.2 and the number of applications processed was 618,065. In 2000, the cost was \$4,979.7 and the total applications were 616,608. The cost to administer the program has been relatively consistent between fiscal years. Increases result from capital appropriations.